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ARTICLES:

(1) When will the right timing be for DPJ to submit a censure motion against Prime Minister Fukuda?

TOKYO SHIMBUN (Page 2) (Abridged)
May 2, 2008

Although the government and ruling parties rammed through a bill to reinstate the provisional tax rates, including the gasoline tax, by a two-thirds overriding vote in the House of Representatives, the major opposition Democratic Party of Japan (DPJ) forwent submitting a censure motion against Prime Minister Yasuo Fukuda to the House of Councillors. The DPJ has, however, asserted that it still plans to present a censure motion to the upper chamber. When will the largest opposition party submit a motion? This newspaper probed into what might be the right timing for the DPJ to submit it.

In principle, a censure motion against a prime minister can only be submitted once in a Diet session. Therefore, it is important that the DPJ submit it at the right timing to lead to dissolution of the Lower House and a general election.

(The first right timing would have been immediately after the tax code bill was readopted.) The second right timing would be on May 13 when the ruling coalition is expected to take a revote on a bill amending the Road Construction Revenues Special Exemption Law aimed to retain the road-related tax rates for another 10 years.

DPJ President Ichiro Ozawa has said that a revote on this bill is
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consistent with Fukuda's policy of shifting the tax revenues earmarked for road construction and maintenance to the general account (starting 2009). So, the dominant view in the largest opposition party is that the right timing for the party to submit a censure motion would be May 13.

However, Fukuda has no intention to dissolve the Lower House and his cabinet even if a censure motion is adopted in the Upper House. If so, the DPJ will not be able to respond to Diet deliberations for about one month until the ongoing session ends on June 15 for the reason that they could no longer deliberate on matters under a prime minister who had been reprimanded. Therefore, chances are that a view will gain ground in the DPJ that the party should forgo its plan to submit a censure motion on May 13.

The third right timing for the submission would be sometime after ascertaining how Fukuda handles the controversial health care system for the elderly.

(2) Prime Minister Fukuda to recharge batteries during Golden Week holidays

TOKYO SHIMBUN (Page 2) (Full)
May 2, 2008

Prime Minister Yasuo Fukuda forwent his planned visit to the Europe during the Golden Week holidays. For now, Fukuda will be off on May 3-5. He is expected to recharge his batteries during that period at his official residence. He intends to devise a strategy for his summit on May 7 with Chinese President Hu Jintao, who will arrive in Tokyo on May 6. The prime minister will hold a dinner party for the president on the night of the 6th.

Fukuda intends to hold on May 13 a revote on a bill amending the Road Construction Revenues Special Exemption Law in the House of Representatives. It is expected that tensions will rise again in the Diet. Fukuda will be able to have a good rest during the three days off.

(3) Zeal for constitutional revision absent from political community

The constitutional debate has lost steam under the divided Diet. Holding power in the two chambers of the Diet, the ruling parties forcibly enacted national referendum legislation last year. Such vigor is absent today. May 3 is Constitution Day. The constitutional debate is likely to continue languishing for some time.

The parliamentary league to establish a new constitution met yesterday at the Constitutional Government Commemoration Hall in Tokyo's Nagatacho. Former Prime Minister Yasuhiro Nakasone, who was named the group's chair in the session, declared: "The Constitution was born after WWII. It is our responsibility to make it into a correct constitution to pass it on to our descendants. I will devote myself to achieve that goal." Former Prime Minister Shinzo Abe also said: "A resolution to write the new Constitution with our own hands will result in a spirit to open up a new era."

The meeting brought together 51 lawmakers and some 1,000 business

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leaders and local politicians. From the LDP, Secretary General Bunmei Ibuki, former Vice-President Taku Yamasaki, and Chief Cabinet Secretary Nobutaka Machimura attended the session as guests.

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The league's office had requested speeches by Democratic Party of Japan Secretary General Yukio Hatoyama and former DPJ President Seiji Maehara, but they did not show up at the event. DPJ Deputy Secretary General Akihisa Nagashima gave a speech on their behalf

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indicating that amending the Constitution is his party's policy, as well. This was met with rapturous applause.

The LDP league to establish a home-grown constitution was expanded last fall to include members of the DPJ, New Komeito and the People's New Party in line with the view that cross-party efforts were essential to advance the constitutional reform movement. But some LDP members are skeptical about reaching an agreement with conservative DPJ and New Komeito lawmakers.

During his tenure as prime minister, Abe fostered momentum for enacting the national referendum legislation, saying, "I want to put constitutional revision on the political agenda." The DPJ and other opposition parties objected to Abe's stance, saying, "His statement neglected the Diet, the highest organ of state power."

Back then, Prime Minister Yasuo Fukuda witnessed such a reaction as a director of the House of Representatives Special Research Committee on the Constitution. In his policy speech, Fukuda simply stated, "I strongly hope for earnest discussions by all political parties."

The LDP's efforts not to irritate the DPJ do not pave the way for constitutional revision. The priority order of policy issues has changed completely under the divided Diet.

Asked for his party's stance toward constitutional revision, DPJ President Ichiro Ozawa in a press conference on April 28 said: "Does the Constitution need to be amended urgently? I believe resolving problems threatening the people's livelihood is far more important at this point in time."

Hope for political realignment to break deadlock

Views on the Constitution in the ruling and opposition camps are not monolithic.

New Komeito members delivered roadside speeches on the Constitution in front of Shinjuku Station yesterday. Party Representative Ota played up his party's policy of adding clauses to the Constitution, saying: "We will reinforce the Constitution by adding new rights to it, such as the environmental right and the right to privacy, while

upholding the three constitutional principles."

The New Komeito eyes adding new rights to the Constitution because it fears constitutional revision being pursued only by the LDP and DPJ. The New Komeito and its support groups are highly alarmed at the two parties' calls for amending Article 9.

It is fortunate for the New Komeito that given ever-dropping cabinet approval ratings, the LDP cannot afford to address Article 9 and the preamble that concern the party's visions.

The situation is about the same with the DPJ. Establishing a standby

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force for UN missions is Ozawa's stock argument. In an interview by the Asahi Shimbun, Maehara raised an objection to it, saying: "If Japan is to be able to use any means, including force, as long as there is a UN resolution, it would be a deviation from the traditional interpretation of the Constitutional."

The chair of the DPJ Constitution Committee has been vacant since the House of Councillors election last summer and the debate in the party has also been stalled. Former chair Yukio Edano noted: "Public opinion is that if the Constitution can be changed for the better, that would be fine, but constitutional revision is not a must."

It has been one year since the national referendum law was enacted last May. Unable to determine the numbers of directors, the two chambers' research commissions on the Constitution have yet to begin substantive deliberations.

Some ruling and opposition members have even begun voicing expectations for political realignment in order to find a breakthrough in the deadlocked discussion.

A nonpartisan group on security met on April 23 for the first time in three years. In the session, Maehara noted: "The government has repeatedly changed its interpretation of the Constitution without amending the top law. Such an approach has reached its limit. Ruling and opposition parties have to jointly discuss the matter by transcending their boundaries."

Taro Nakayama, who chairs the LDP Constitution Council, predicted: "Political realignment could occur. The situation like this cannot go on forever."

(4) 2 years after U.S. military realignment accord: Dark clouds looming over 2014 completion

TOKYO SHIMBUN (Page 2) (Full)
May 2, 2008

It has now been two years since the Japanese and U.S. governments finalized their agreement in 2006 on the planned realignment of U.S. forces in Japan. The U.S. military realignment in Japan shows some progress. However, there are also difficulties when it comes to building an alternative facility for Futenma airfield in Okinawa Prefecture and moving U.S. Marines from Okinawa to Guam. The realignment is slated to be completed in 2014. However, there are dark clouds looming over that timetable for completion in six years.

The realignment of U.S. forces in Japan is aimed at consolidating cooperation between the Self-Defense Forces and U.S. forces and alleviating the burden of people in Okinawa Prefecture, which is saddled with 75 PERCENT of all U.S. military facilities.

Based on a bilateral agreement, U.S. military aircraft training has now been transferred from three U.S. military bases, including Kadena in Okinawa Prefecture, to six ASDF bases, such as Komatsu in Ishikawa Prefecture and Hyakuri in Ibaraki Prefecture. In September this year, the U.S. Yokota Air Base in Tokyo will partially return its air traffic control of airspace to Japan.

Another realignment plan is to relocate carrier-borne fighter jets to the Iwakuni base in Yamaguchi Prefecture. This relocation plan

had been bogged down. In this February's mayoral election, however, Iwakuni City's newly elected mayor, Yoshihiko Fukuda, who defeated his predecessor opposing the relocation of carrier-borne jets to Iwakuni, has now accepted the relocation plan. This plan is now expected to be completed by 2014. Realignment plans that do not accompany a large-scale move of facilities or troops are now well under way.

Meanwhile, the government is facing difficulties in its negotiations with Okinawa Prefecture and its base-hosting localities over the planned relocation of Futenma airfield. Futenma relocation is already 7-9 months behind schedule.

In March, the government started an environmental impact assessment of the relocation site near Henoko, Nago City, as a step required for the planned construction of an alternative facility for Futenma.

The Japanese and U.S. governments have agreed on a plan to build a V-shaped pair of airstrips (in a coastal area of Camp Schwab in Nago, Okinawa Prefecture). Okinawa has asked the government to move the planned relocation site into an offshore area. The government has also implied that it would consider offshore relocation, with Chief Cabinet Secretary Nobutaka Machimura remarking that the government will make efforts while bearing it in mind so that the issue of Futenma relocation can be settled at an early date.

However, the U.S. government will not accept any change in the relocation plan. If Okinawa Prefecture's request is rejected, the governor may not allow land reclamation in public waters from the sea. The government plans to start construction work in 2010. However, there may be a substantial delay in that schedule.

The U.S. military plans to move about 8,000 Marines from Okinawa to Guam. The Japanese government will outlay about 600 billion yen -or 60 PERCENT of the total amount of money needed for the Guam move. The government will shoulder up to 280 billion yen, excluding loans and other recoverable funds. The government was under fire in the Diet for such a huge amount of costs.

There is also an analysis suggesting the need for Japan to pay out 2 more trillion yen for the entire realignment of U.S. forces in Japan. The Finance Ministry and the Defense Ministry are now beginning to struggle against each other over whether or not to earmark the realignment costs in the defense budget slot.

(5) Public opinion rejecting nuclear bombers forces cancellation of U.S. military's B-52 flight to Iwakuni

AKAHATA (Page 1) (Full)
May 2, 2008

A B-52 strategic nuclear strike bomber was scheduled to join the air show at the United States Marine Corps Air Station (MCAS) Iwakuni (in Yamaguchi Prefecture) slated for May 5. It was learned yesterday, however, that the B-52's flight to the Iwakuni base to participate in the show has been cancelled.

Earlier in the day when Akahata asked the Ministry of Foreign Affairs' (MOFA) Status of U.S. Forces Agreement Division about this matter, an official of the division revealed that MOFA had been informed by the U.S. Embassy in Japan on April 30 that the B-52

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would not fly (to Iwakuni) because of the U.S. forces' operational reasons.

The question of the B-52's flight to Iwakuni was raised by House of Representatives member Akira Kasai of the Japanese Communist Party during a session on April 23 of the Lower House Committee on Foreign Affairs and Kawai pursued Foreign Minister Masahiko Koumura, saying: "For the victim nation of nuclear bombing, it is intolerable to see

a strategic nuclear strike bomber fly to an area near the bombsite at Hiroshima."

This issue came as a grave shock to local residents. In addition to civic groups, Governor Yuzan Fujita of Hiroshima Prefecture neighboring Iwakuni City, Mayor of Hiroshima City Tadatoshi Akiba, Mayor of Hatsukaichi City Katsuhiko Shinno and other heads of other municipalities had filed a petition to U.S. Ambassador to Japan J. Thomas Schieffer, Iwakuni Base Commanding Officer Col. O'Halloran, and Foreign Minister Koumura for cancellation of the B-52's flight to Iwakuni.

(6) International crime-prevention assistance expected to be discussed at G-8 ministers' conference of justice and internal affairs in June

ASAHI (Page 12) (Full)
Eve., May 1, 2008

Kenji Ogata

The outline of topics for general discussion at the upcoming Conference in Tokyo of Ministers of Justice and Internal Affairs from the Group of Eight (G-8) industrialized countries in June -- an international meeting related to the G-8 Hokkaido Toyako Summit -- was learned today. The showcase of the conference will be implementation of measures to assist countries that are not fully ready to deal with borderless crimes by enhancing the capabilities of their law-enforcement agencies.

The upcoming conference to discuss crime-prevention measures will mark the 10th such meeting. Japan will host it for the first time. The conference is to be held on June 11-13. Justice Minister Hatoyama and National Public Safety Commission Chairman Izumi will chair the conference.

Subjects for discussion at the conference include international terrorism, abuse of personal identity information, such as forgeries of passports, the need for the sharing of more information on criminals, and child pornography. In order to advance measures against those crimes, it is essential to give assistance to countries other than the G-8. The conference will propose "capacity building assistance" and seek cooperation on it.

(7) Misawa Air Base service member arrested for sexually harassing teenager on street

YOMIURI NET (Full)
12:42, May 2, 2008

Hachinohe police in Aomori Prefecture arrested earlier today James Littlejohn III (TN: phonetic), a 22-year-old airman based at U.S. Misawa Air Base, on suspicion of sexually harassing (waisetsu) a teenage girl.

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According to a police announcement, at around 3:45 a.m. today, the airman approached a teenage girl and grabbed her from behind on a street in Uruichi, Hachinohe City.

The airman fled from the scene by car, but about an hour later, he was found by a Misawa police officer in the neighboring town of Oirase.

(8) Exporting companies revise nominal exchange rate due to yen's appreciation stronger yen: Fall in profits worth 1.2 trillion yen attributable to strong yen

NIKKEI (Page 3) (Slightly abridged)
May 2, 2008

The yen is making big gains, as can be seen in the fact it temporarily tested 95 against the dollar. Following the move, many export-oriented companies are revising their nominal exchange rate to be adopted for the term ended in March 2009. Many companies have

set the rate at 100 against the dollar, about 14 yen higher than the previous term's level. Other companies have set it a little lower than 100 yen. The likelihood is that listed companies will report a decline in profits in the term ended in March as a result of the strong yen for the first time in seven years. Changes in their nominal exchange rates are beginning to affect the exchange market as well.

Hardest hit by the strong yen are automakers, which are largely dependent on North America. Most manufacturers, including Toyota and Nissan, which have yet to release their accounts settlement, will likely set the nominal rate at around 100 against the dollar. A decline in the value of operating profits of seven leading manufactures (Toyota, Honda, Nissan, Mazda, Mitsubishi, Fuji Heavy Industries and Suzuki) as a result of the strong yen has reached approximately 1.2 trillion yen. Six companies excluding Suzuki are expected to suffer a double-digit decline in operating profits.

Honda is expected to record a decline of 303 billion yen in operating profits as a result of setting a nominal exchange rate at 100 against the dollar. Vice President Kondo said, "The number of units sold throughout the world, mainly in developing countries, will mark an increase. Even so, it would be impossible to make up for the impact of the sharp appreciation of the yen with that."

In other industrial sectors, TDK's group operating profits for the term ended in March are expected to decline for the first time in seven terms. This is due to an exchange loss of 30 billion yen. Ricoh has also marked a decline in operating profits worth approximately 20 billion yen due to the revised exchange rate. Vis-a-vis the euro, the company has set the rate at 160, the level similar to that actually adopted in the previous term (about 161 yen). However, Director Miura said, "The future of the European economy is also unclear. It is hard to expect a weaker yen and stronger euro trend." Chances are that it would be difficult to make up for the appreciation of the yen against the dollar with the depreciation of the yen against the euro as before.

However, the strong yen is a boost for companies that import raw materials from abroad. Oji Paper Co., which hopes to report an increase in current profits in the March term, has set the rate at 1102. President Shinoda noted, "The cost of the procurement of raw

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materials has dropped thanks to the appreciation of the yen. This could serve as a positive factor for the company's business performance." However, the downside of the strong yen is greater in terms of corporate earnings as a whole.

Some companies are overcoming the adverse impact of the yen's appreciation. Komatsu has suffered a fall in profits worth 43 billion yen as a result of the strong yen. However, it can cancel out the loss with demand from emerging countries, such as China. Its operating profits for the term ended in March are expected to mark an 8 PERCENT increase, compared with the preceding term. This is ascribable to its effort to spread revenue bases worldwide in a balanced manner. Other export-oriented companies are expected to further accelerate their move to develop markets in emerging countries.

(9) Expenses needed to implement DPJ-proposed policies to exceed 20 trillion yen -- increase due to abolition of provisional gas tax rate

NIKKEI (Page 2) (Abridged slightly)
April 30, 2008

Estimates for expenses needed to realize the policies proposed by the Democratic Party of Japan (DPJ) have expanded to 20 trillion yen. The reason is not just because it calls for abolishing the provisional gas tax rate and adopting a package of emergency economic measures. The DPJ also has proposed many pork-barrel-type policies. It has decided to expand sectors eligible for an individual income compensation plan for farmers that had been incorporated in its manifesto (campaign promises) issued for the Upper House election last year to now cover the livestock, forestry

and fisheries sectors, as well. Even some party members are concerned about how such fiscal resources would be secured.

The manifesto, which estimates major policy expenses to be 15.3 trillion yen, mentions that funds are, in principle, to be drawn from the abolition of system of special budget accounts. It also includes a goal of moving the primary balance of the central and local governments into the black by fiscal 2011.

Fiscal resources for implementing the DPJ's policy proposal have further expanded due to additional policy proposal the party made after the Upper House election. The estimated annual drop in revenues due to the abolition of provisional gas tax rate for special-purpose road-construction revenues would reach approximately 2.6 trillion yen. The party's proposed package of emergency economic measures would cost 3.5 trillion yen. The DPJ says that it would cover revenue shortfalls following the abolition of the provisional gas tax rate by squeezing the state's road budget. However, it has given up on a plan to prepare a bill to prohibit public money from being spent for road-related public utility corporations. It is thus finding it difficult to map out a concrete plan that would come up with the needed fiscal resources.

The DPJ plans to make a freeze on the present consumption tax rate a campaign pledge for the next Lower House election. With an eye on the next general election, the party appears to be playing up only its rosy policies, while avoiding touching on policies that entail an increased fiscal burden. The party will shortly map out an Agriculture, Fisheries, Farming, Fishing and Mountain Villages Revitalization Vision. The envisaged initiative is expected to

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mention that the coverage of its individual income compensation scheme intended to compensate gaps between production costs and market prices with tax money will be extended to sectors other than farming, such as the livestock, forestry and fishing industries. Expenses needed to implement this policy are estimated at approximately 250 billion yen.

The party included in its proposed set of emergency economic measures a policy intention of using a so-called hidden slush fund that the government allegedly has, such as surpluses from the special foreign exchange funds account. President Ichiro Ozawa also advocated using the balance brought forward from the special road account as a regional measure to assist local governments suffering from revenue shortfalls once the provisional tax rates are scrapped. The DPJ thus plans a two-step strategy of making ends meet using the hidden slush fund for the time being and then correcting the waste in the use of tax money over the mid- to long term.

DPJ policy and necessary expenses

Policy Expenses needed Measures to secure funds

Manifesto for Upper House election

? Using the consumption tax for the minimum guaranteed pension payout system

? Create a child allowance

? Individual income compensation for farmers

? Abolishing expressway tolls 15.3 trillion yen Eliminating waste, by adopting a package subsidy offering system, rooting out bid-rigging practices, cutting the cords of golden parachute (amakurari practice), abolishing special budget accounts and ending the income tax deduction for spouse.

Bills submitted after Upper House election

? Abolishing provisional tax rates, such as the gas tax rate

? Assisting gas stations 2.6 trillion yen

ASTERISK

50 billion yen Squeezing the state budget for roads, considering measures to deal with global warming, using balance brought forward from the special road account

Improving labor conditions for care-givers 90 billion yen Using surpluses from national burdens of nursing-care subsidy

Subsidizing medical expenses for hepatitis patients 28 billion yen

The government has already secured 21 billion yen.

Emergency economic measures (including offering 2 trillion yen to

local governments, measures for a shortage of doctors) 3.5 trillion yen Slashing costs of public works and reviewing the placing of project orders with public utility corporations at a relatively higher prices. Using the so-called buried funds in special accounts.

Income compensation for the livestock, forestry and fisheries industries. 250 billion yen Streamlining special public corporations and abolishing special accounts.

(N.B. Some of figures for necessary expenses are estimates.)
ASTERISK denotes a decrease in revenues.

DONOVAN